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09 MAY 1978

DD/A Registry
File Accounting-3

MEMORANDUM FOR: Chief, Audit Staff

THROUGH : Deputy Director for Administration /s/ JTB
10 MAY 1978

FROM : Clifford D. May, Jr.
Director of Data Processing

SUBJECT : Action on Recommendation

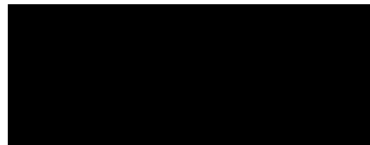
REFERENCE : Report of Audit, General Accounting System,
dated 28 March 1978

1. As requested, this memorandum advises you of the action taken on the recommendation contained on page 7 of the reference. The recommendation reads: "Review and revise the estimating process to increase its accuracy. The review should consider inclusion of all costs in the estimates and elicitation of more complete initial specifications from users. Concurrence in the revised procedures should be obtained from all Directorates."

2. The reference states that the GAS system "is sound" and "the actual time and expense incurred does not appear to be excessive." It is clear that the estimates, while wrong, did not interfere with the successful completion of the project, nor did the project suffer from lack of funds or resources due to under-estimation.

3. We share your concern for valid project estimates, and are currently examining different methods of project estimation. Review of estimating processes is a continual task in this Office, both as a separate activity and as a part of overall project review. The lessons learned in estimating the GAS project were applied in preparing later estimates. However, estimates are often wrong for reasons other than the methods used to produce them. Changes in personnel, requirements, and priorities all played some part and had some impact on the GAS completion dates and schedule revisions. Certainly the risks of failure in estimating are high when an estimator estimates the application of resources that he does not control. Estimates for projects with joint responsibilities must be made jointly or by a single executive agent who is responsible for the project and all its resources.

4. The area of estimating is indeed difficult and complex not only for us but for the entire ADP industry, and we welcome suggestions for improvements from your staff or others. We will include user office input in our future estimates.



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Clifford A. May, Jr.

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